

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

| | | | |
|---|---|--|----------------------|
| (1) DEPARTMENT Public Works | (2) MEETING DATE 12/8/2015 | (3) CONTACT/PHONE Mark Hutchinson, Deputy Director of Public Works (805) 781- 5458 | |
| (4) SUBJECT Request authorization to pursue an additional allocation of Nacimiento Project Water on behalf of County Service Area 10A, Cayucos. District 2. | | | |
| (5) RECOMMENDED ACTION It is recommended that the Board direct the Director of Public Works to: <ol style="list-style-type: none"> 1. Initiate the process to acquire an additional allocation of Nacimiento Project Water on behalf of County Service Area 10A; and 2. Conduct the required analysis and prepare the necessary environmental document(s) pursuant to California Public Resources Code Section 21000 et seq. (CEQA); and 3. Coordinate the process with the other Nacimiento participant agencies and potential new project participants; and 4. Prepare water management policies designed to match available water with existing General Plan/Local Coastal Plan policies; and 5. Prepare the necessary Water Delivery Entitlement Contract Amendment(s); and 6. Return to the Board at the earliest available and appropriate date for consideration of the CEQA document(s), water management policies and water entitlement contract changes. | | | |
| (6) FUNDING SOURCE(S) County Service Area 10A | (7) CURRENT YEAR FINANCIAL IMPACT \$2,000.00 | (8) ANNUAL FINANCIAL IMPACT \$4,000.00 | (9) BUDGETED? Yes |
| (10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input checked="" type="checkbox"/> Board Business (Time Est. <u>30 min</u>) | | | |
| (11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A | | | |
| (12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A | | (13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A | |
| (14) LOCATION MAP Attached | (15) BUSINESS IMPACT STATEMENT? No | (16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: 10/26/2004; 10/24/2006, #B-7 | |
| (17) ADMINISTRATIVE OFFICE REVIEW David E. Grim | | | |
| (18) SUPERVISOR DISTRICT(S) District 2 | | | |

Reference: 15DEC08-BB-1

County of San Luis Obispo



TO: Board of Supervisors

FROM: Public Works

Mark Hutchinson, Deputy Director of Public Works

VIA: Wade Horton, Director of Public Works

DATE: 12/8/2015

SUBJECT: Request authorization to pursue an additional allocation of Nacimiento Project Water on behalf of County Service Area 10A, Cayucos. District 2.

RECOMMENDATION

It is recommended that the Board direct the Director of Public Works to:

1. Initiate the process to acquire an additional allocation of Nacimiento Project Water on behalf of County Service Area 10A; and
2. Conduct the required analysis and prepare the necessary environmental document(s) pursuant to California Public Resources Code Section 21000 et seq. (CEQA); and
3. Coordinate the process with the other Nacimiento participant agencies and potential new project participants; and
4. Prepare water management policies designed to match available water with existing General Plan/Local Coastal Plan policies; and
5. Prepare the necessary Water Delivery Entitlement Contract Amendment(s); and
6. Return to the Board at the earliest available and appropriate date for consideration of the CEQA document(s), water management policies and water entitlement contract changes.

DISCUSSION

In 1959, the San Luis Obispo County Flood Control and Water Conservation District (District) entered into an agreement with Monterey County Flood Control and Water Conservation District (now Monterey County Water Resources Agency) to secure rights to 17,500 acre-feet of water per year from the Nacimiento Reservoir. The reservoir has a storage capacity of 377,900 acre-feet and, in addition to providing water to San Luis Obispo County, serves various purposes such as flood protection, recreational opportunities and groundwater recharge for the Salinas Valley.

The Cities of San Luis Obispo and Paso Robles, the Templeton Community Services District, the Atascadero Mutual Water Company, and County Service Area 10A (CSA 10A) (map attached) are the current project participants. Of the 15,750 acre feet per year of water available to the five project participants (1,750 acre feet is reserved for lake side users), 9,655 acre feet is subscribed, leaving 6,095 acre feet of unallocated water (termed "Reserve Water" in the Water Delivery Entitlement Contracts). As shown in Table 1 below the Reserve Water Project would fully allocate the Nacimiento Water project to the existing participants, along with the addition of two new project participants:

| TABLE 1 - Nacimiento Reserve Water Project Participant's Proportional Share in Acre Feet of Water Per Year | | | |
|---|--------------------------------|---------------|----------------------------|
| Participant | Current Entitlement | Change | New Entitlement |
| City of Paso Robles | 4,000 | 2,477 | 6,477 |
| City of San Luis Obispo | 3,380 | 2,093 | 5,473 |
| Atascadero Mutual Water Company | 2,000 | 1,239 | 3,239 |
| Templeton Community Services District | 250 | 155 | 405 |
| Santa Margarita Ranch Mutual Water Company | 0 | 104 | 104 |
| County Service Area 10A (Cayucos) | 25 | 15 | 40 |
| Bella Vista Mobile Home Park (Cayucos) | 0 | 12 | 12 |
| Totals | 9,655 | 6,095 | 15,750 |

The water delivery entitlement contracts, signed in 2004, provide for the purchase of reserve water by the project participants. After several months of deliberations, on October 6, 2015, the City of Paso Robles, City of San Luis Obispo, Atascadero Mutual Water Company, and Templeton Community Services District jointly notified the District that they wish to exercise their rights under the 2004 contracts and purchase all of the 6,095 acre feet of reserve water (letter attached). Because CSA 10A is one of the existing project participants, it has the contractual right to purchase its proportional share of the reserve water. However, as provided by the water contracts, CSA 10A has only 60 days from October 15, 2015 to make this determination.

After receipt of the participant's October 6 letter, the District formally notified all of the other entities that were considered for a water allocation in the project's 2004 final Environmental Impact Report (list attached). Two of those entities, the Santa Margarita Ranch Mutual Water Company and the Bella Vista Mobile Home Park in Cayucos, have notified the District that they intend to participate in the purchase of reserve water. Therefore, Table 1 above shows the distribution of the 6,095 acre feet of reserve water with the two new participants included.

CSA 10A joined the Nacimiento Water project in 2006. At that time an analysis of long term water needs for CSA 10A indicated that the addition of 25 acre feet of Nacimiento water to the existing Whale Rock allocation of 190 acre feet would serve the buildout needs of the water service area. Therefore, the staff recommendation includes the development of policies to guide the future use of CSA 10A's Nacimiento Water. As an example, the ongoing drought may result in a desire to build a "drought reserve," and/or the opportunity to sell all or a part of CSA 10A's Nacimiento allocation on a temporary or permanent basis. Such policies will necessarily need to be in conformance with existing General Plan and Local Coastal Plan policies and buildout projections.

In October of 2004, the Board adopted Supplemental Water Policies for CSA 10A (attached). The increase in CSA 10A's Nacimiento Allocation is consistent with these policies.

OTHER AGENCY INVOLVEMENT/IMPACT

Other affected agencies include the San Luis Obispo County Flood Control and Water Conservation District, the Cities of Paso Robles and San Luis Obispo, the Atascadero Mutual Water Company, and the Templeton Community Services District. The Cayucos Citizens Advisory Council's CSA 10A sub-committee met and discussed this matter with District staff on September 28, 2015 and endorsed the recommended action. The Cayucos Citizens Advisory Council met on November 4, 2015 and endorsed the action as well.

FINANCIAL CONSIDERATIONS

CSA 10A's annual cost of increasing its Nacimientto Allocation by 15 acre feet is approximately \$4,000; about \$5/year per existing connection. This annual cost can be met by a reduction in the rate of annual contributions to CSA 10A's reserve fund and/or new water customers as buildout occurs, and will therefore not result in a rate increase to customers.

RESULTS

CSA 10A's participation in the full allocation of Nacimientto Reserve Water will provide the community with a more secure water future by providing additional water management options, thereby contributing to a healthy and well governed community.

ATTACHMENTS

1. Map of CSA 10A
2. Map of the Nacimientto Water Project
3. Nacimientto Water Project Participant Agency Notification Letter
4. County Service Area No. 10, Zone A (CSA 10A) Supplemental Water Policies Adopted by the Board of Supervisors October 26, 2004
5. 2004 Nacimientto Environmental Impact Report Participants List

File: CF 320.420.02

Reference: 15DEC08-BB-1

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